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August 7, 2008

**VIA ELECTRONIC FILING**  
**AND HAND DELIVERY**

Mr. Charles Terreni, Chief Clerk of the Commission  
Public Service Commission of South Carolina  
Synergy Business Park, Saluda Building  
101 Executive Center Drive  
Columbia, South Carolina 29210

**Re: Application of Sage Spectrum, LLC**  
**Local and Interexchange Telecommunications Certification**

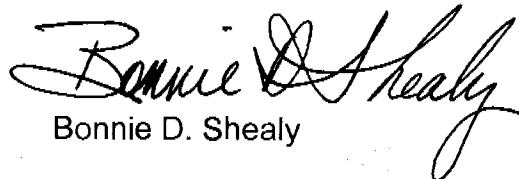
Dear Mr. Terreni:

Enclosed for filing please find the Application of Sage Spectrum, LLC for a Certificate of Public Convenience and Necessity to provide local, access and interexchange telecommunications services in South Carolina and for alternative and flexible regulatory treatment. We are also filing a Motion for Protective Treatment to file the confidential financial statements, Exhibit D, under seal as a Trade Secret. Copies of the Application and Motion being hand delivered to the Commission and the Office of Regulatory Staff contain Exhibit D filed under seal. Please stamp the extra copy of the application and motion provided as proof of filing and return it with our courier.

If you have any questions, please have someone on your staff contact me.

Very truly yours,

ROBINSON, MCFADDEN & MOORE, P.C.



Bonnie D. Shealy

BDS/tch  
Enclosures

c/enc: Dan F. Arnett, Chief of Staff of ORS (via email & hand delivered)  
Mr. Andrew Karl (via email)

## STATE OF SOUTH CAROLINA

BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA

In Re:

COVER SHEET

Application of Sage Spectrum, LLC for a Certificate  
of Public Convenience & Necessity to Provide  
Telecommunications Services in South Carolina and  
for Alternative and Flexible Regulatory TreatmentDOCKET  
NUMBER:

(Please type or print)

Submitted by: Bonnie D. ShealySC Bar Number: 11125Address: Robinson, McFadden & Moore, P.C.  
PO Box 944  
Columbia, SC 29202Telephone: (803) 779-8900Fax: (803) 252-0724

Other:

Email: bshealy@robinsonlaw.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

## DOCKETING INFORMATION (Check all that apply)

- ☐ Emergency Relief demanded in petition      ☐ Request for item to be placed on Commission's Agenda expeditiously
- ☐ Other: \_\_\_\_\_

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certificatio	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigator	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input checked="" type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input checked="" type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		

In the Matter of the Application of

Docket No. \_\_\_\_\_

## APPLICATION OF SAGE SPECTRUM, LLC

Sage Spectrum, LLC ("Applicant"), by its undersigned counsel and pursuant to South Carolina Code § 58-9-280, 26 S.C. Regs. 103-823 and the rules and regulations of the Public Service Commission of South Carolina ("Commission"), hereby applies for a Certificate of Public Convenience and Necessity to authorize it to provide facilities-based and resold local exchange, access and interexchange telecommunications service throughout the State of South Carolina. Applicant requests that its interexchange services be subject to alternative regulation, pursuant to South Carolina Code § 58-9-585 (Supp. 2007), as was first granted by the Commission in Order Nos. 95-1734 and 96-55 issued in Docket No. 95-661-C as modified by Order No. 2001-997 in Docket No. 200-407-C. Applicant also requests flexible regulation for its local exchange telecommunications services as the Commission granted in Order No. 98-165 in Docket No. 97-467-C.

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effective competition to ensure that all consumers will have access to high quality, low cost, and innovative telecommunications services. The Federal Telecommunications Act of 1996 also seeks to promote competition and reduce regulation in order to secure lower prices and higher quality telecommunications services for American consumers. Both goals will be promoted by granting this Application.

The Applicant submits the following information in support of its request.

## **II. APPLICATION FOR AUTHORITY TO PROVIDE TELECOMMUNICATIONS SERVICE**

### **A. Description of the Applicant**

Applicant is a limited liability company organized under the laws of the State of Delaware on May 7, 2008. Applicant is a wholly owned subsidiary of Sage Spectrum Holdco, LLC. Applicant has its principal office located at 805 Central Expressway South, Suite 100, Allen, Texas 75013-2789. Applicant will not use an assumed or fictitious name in South Carolina.

Applicant may be reached at its principal place of business:

Sage Spectrum, LLC.  
805 Central Expressway South, Suite 100  
Allen, Texas 75013-2789  
(214) 495-4700 (Tel)  
(214) 495-4790 (Fax)

Correspondence or communications pertaining to this Application should be directed to:

Bonnie D. Shealy, Esquire  
Robinson, McFadden & Moore, P.C.  
1901 Main Street, Suite 1200  
P.O. Box 944  
Columbia, South Carolina, 29202  
Tel: 803-779-8900  
Fax: 803-252-0724  
Email: bshealy@robinsonlaw.com

and:

Eric J. Branfman  
Brett P. Ferenchak  
Scott D. Woods  
Bingham McCutchen LLP  
2020 K Street, NW  
Washington, D.C. 20006  
(202) 373-6038 (Tel)  
(202) 373-6001 (Fax)  
eric.branfman@bingham.com  
brett.ferenchak@bingham.com  
scott.woods@bingham.com

Questions concerning the ongoing operations of Applicant following certification should be directed to:

Robert W. McCausland  
Secretary and Vice President, Sage Telecom, Inc.  
Management Representative to Sage Spectrum, LLC  
805 Central Expressway South, Suite 100  
Allen, Texas 75013-2789  
(214) 495-4704 (Tel)  
(214) 495-4790 (Fax)  
RMcCausland@sagetelecom.net

Applicant's registered agent in the State of South Carolina is:

National Registered Agents, Inc.  
2 Office Park Court, Suite 103  
Columbia, S.C. 29223

For purposes of consumer inquiries, the contact information will be:

Sage Spectrum, LLC  
805 Central Expressway South, Suite 100  
Allen, Texas 75013-2789  
1-888-449-4940 (residential customers)  
1-877-619-3969 (business customers)

Retail customer service will be available Monday-Friday, 7:00am – 11:00pm EST  
and Saturday and Sunday from 8:00am – 10:00pm EST.

**Officer Responsible for Customer Service is:**

Jim Warren  
Director, Customer Service Operations, Sage Spectrum, Inc.  
Management Representative to Sage Spectrum, LLC  
805 Central Expressway South, Suite 100  
Allen, Texas 75013-2789  
Telephone: (972) 747-4524  
Facsimile: (214) 495-4788

As a limited liability company, Applicant does not have directors. Pursuant to the Applicant's Limited Liability Company Agreement, Applicant is managed by its Member, Sage Spectrum Holdco, LLC, or such officers designated by its Member. All officers can be reached through Applicant's principal place of business provided in Section II above.

**B. Qualifications**

As stated above, Sage Spectrum, LLC is a Delaware limited liability company which was formed on May 7, 2008. A copy of its Certificate of Formation is attached hereto as Exhibit A. Applicant's authority to transact business as a foreign corporation in South Carolina is attached hereto as Exhibit B.

Applicant is well qualified to provide telecommunications services in South Carolina. Applicant is authorized to provide local exchange and interexchange telecommunications services in Montana and Washington. Applicant will operate pursuant to a Management Agreement with Sage Telecom, Inc. ("Manager"). As a result, Applicant's South Carolina operations will be directed by Manager's existing senior management team and its technical and operations staffs that are responsible for Manager's local exchange and interexchange operations in other states. Manager has 10 years of experience in voice telephony. Manager and its subsidiary, Sage Telecom of Texas, LP ("Sage-TX"), are competitive providers of local and long distance phone services and Internet access services throughout the former territory of SBC. Manager currently is authorized to

provide local exchange and/or interexchange telecommunications services in Arkansas, California, Colorado, Connecticut, Florida, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Missouri, Montana, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma Oregon, South Carolina, South Dakota, Utah, Washington, Wisconsin and Wyoming. Sage-TX is authorized to provide such services only in Texas. Manager has not been denied requested certification in any jurisdiction, nor has any permit, license, or certificate been revoked by any authority.

As illustrated in Exhibit C attached hereto, the members of Manager's senior management team has extensive experience in the telecommunications industry. These executives have both highly effective management skills and considerable telecommunications expertise. The biographies of these key executives are submitted as evidence that Manager possesses the managerial qualifications required for the provision of local and long distance services on behalf of Applicant.

#### **Officers**

The following individuals are the officers of Manager:

Edward A. Mulé	Co-CEO
Robert O'Shea	Co-CEO
Michael Gatto	Vice President
Richard Petrilli	Vice President and Treasurer
Frederick Fogel	Secretary and General Counsel
Brian Kushner	Vice President

Since Applicant is newly formed entity, initially Applicant will rely upon the financial qualification of Manager. As stated above, Manager will operate Applicant pursuant to a management agreement. As part of that management agreement or other arrangements, Manager will agree to provide the financial support necessary for Applicant to provide service for at least Applicant's first year of operations. Applicant is a wholly owned subsidiary of Sage Spectrum Holdco, LLC. Manager is an affiliate of Sage Spectrum, LLC. Financial information

demonstrating Manager's financial qualifications is filed under seal as Exhibit D. As shown in the attached information, Applicant, through Manager, is financially qualified to operate within the State of South Carolina. Manager is a privately held company and its financial statements are not public information. As a privately held company, Manager does not issue annual reports or submit any financial filings with the Securities and Exchange Commission. Applicant respectfully requests that the financial statements disclosed in connection with this Application be filed under seal, solely for the purpose of the Commission's and ORS' review. Applicant is simultaneously filing a motion for protective treatment of Exhibit D of this Application.

**C. Description of Services**

Applicant seeks authority to provide facilities-based and resold local exchange, access and interexchange telecommunications services to and from all points in the State of South Carolina.<sup>1</sup> Therefore, Applicant seeks statewide authority. Applicant will offer basic local exchange services, custom calling features, and interexchange toll services, including toll free services, to business and residential customers. Applicant will also offer access services to businesses and enterprise customers. While Applicant will not initially offer prepaid local exchange and interexchange services, Applicant may offer such services in the future. Applicant may also provide access services to payphone service providers. Facilities-based local exchange service will be provided via (a) commercial wholesale agreements with incumbents, (b) the company's own facilities, or (c) a combination thereof. Initially, toll services will be provided via Applicant's underlying long distance carrier. Applicant, however, seeks the full range of resold and facilities-based local exchange, access and interexchange authority so that it can have

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<sup>1</sup> Applicant will seek to enter into a stipulation with the South Carolina Telephone Coalition with respect to providing service in rural areas. Applicant is not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas.



flexibility in provisioning its services in the future. Applicant will continuously monitor and maintain a high level of control over its network on a 24-hours-a-day, 7-days-a-week basis.

**D. Public Interest Considerations**

Granting this Application will promote the public interest by increasing competition in the provision of telecommunications services in South Carolina. Applicant will provide customers high quality, cost effective telecommunications services, with an emphasis on customer service. In addition to driving prices closer to costs, thereby ensuring just and reasonable rates, competition also promotes efficiency in the delivery of services and in the development of new services. These benefits work to maximize the public interest by providing continuing incentives for carriers to reduce costs while, simultaneously, promoting the availability of potentially desirable services.

**III. REGULATORY COMPLIANCE AND WAIVER REQUESTS**

1. As required by South Carolina Code 58-9-280, attached hereto are copies of Applicant's proposed initial tariffs containing rates, terms, and conditions for the services proposed herein. Attached as Exhibit E is Applicant's proposed local exchange service tariff. Attached as Exhibit F is Applicant's proposed interexchange service tariff. Attached as Exhibit G is Applicant's proposed access service tariff.

2. Pursuant to the South Carolina Public Service Commission's Order No. 95-658 (issued March 20, 1995), Applicant makes the following affirmation, which is included in Applicant's proposed tariffs, attached hereto as Exhibits E, F, and G:

As a telephone utility under the regulation of the Public Service Commission of South Carolina, Carrier does hereby assert and affirm that as a reseller of intrastate telecommunications service, Carrier will not indulge or participate in deceptive or misleading telecommunications marketing practices to the detriment of consumers in South Carolina, and will comply with those

marketing procedures, if any, set forth by the Public Service Commission. Additionally, Carrier will be responsible for the marketing practices of its contracted telemarketers for compliance with this provision. Carrier understands that violation of this provision could result in a rule to show cause as to the withdrawal of its certification to complete intrastate telecommunications traffic within the state of South Carolina.

3. Initially, Applicant will market its services by direct solicitation. In the future, Applicant may also use sales agents to market its services. Applicant does not currently have promotional materials to be used in South Carolina; however, if required by the Commission, Applicant will provide the Commission copies of such materials when they become available.

4. As stated above, Applicant's toll-free number for (1) residential customer service is 888-449-4940 and (2) business customer service is 877-619-3969. Applicant's customer service representatives will monitor calls to this number twenty-four hours a day, seven days a week. The toll-free customer service number will be printed on each customer provided bill.

The company representative identified below has overall responsibility for customer service and quality of service, including repairs, maintenance, complaints, billing questions, and customer refunds:

Jim Warren  
Director of Customer Service Operations, Sage Telecom, Inc.  
Management Representative to Sage Spectrum, LLC  
805 Central Expressway South, Suite 100  
Allen, Texas 75013-2789  
Telephone: (972) 747-4524  
Facsimile: (214) 495-4788  
Email: jwarren@sagetelecom.net

5. Applicant requests a waiver of the requirement of 26 S.C. Reg. 103-631 to publish and distribute local exchange directories. Applicant plans to enter into an agreement with the directory publisher of BellSouth Telecommunications, Inc. ("BellSouth") to include the names of its customers in BellSouth's directories.

6. Applicant requests, pursuant to 26 S.C. Regs. 103-610, that it be allowed to keep all records required under the rules at its principal offices in the State of Texas. In the absence of such a waiver, Applicant would have to assume additional expenses to maintain records and reports in an office in South Carolina. Applicant will maintain the required records at its headquarters and will make them available to the Commission and ORS upon request.

7. Applicant requests that it be exempt from any record keeping rules or regulations that might require a carrier to maintain its financial records in conformance with the Uniform System of Accounts ("USOA"). The USOA was developed by the Federal Communications Commission as a means of regulating telecommunications companies subject to rate base regulation. As a competitive carrier, Applicant will not be subject to rate base regulation and therefore requests Commission approval of Applicant maintaining its books in accordance with Generally Accepted Accounting Principals ("GAAP").

8. Applicant requests a waiver of 26 S.C. Regs. 103-612.2.3, the requirement to file operating maps with the Commission. Applicant intends to offer its services statewide. The waivers requested above have been granted under similar situations, and Applicant requests that the Commission provide it similar treatment.

9. Applicant also requests waivers of any reporting requirements which, although applicable to incumbent local exchange carriers, are not applicable to competitive carriers such as Applicant because such requirements are not consistent with the demands of the competitive market and constitute an undue burden on a competitive carrier.

10. Applicant requests flexible regulation for its telecommunications services as the Commission granted in Order No 98-165 in Docket No. 97-467-C. Specifically, Applicant requests that the Commission: a) adopt for local exchange services a competitive rate structure

incorporating maximum rate levels with the flexibility for rate adjustment below the maximum rate levels; and b) presume that Applicant's tariff filings for local exchange services be valid upon filing, subject to the Commission's authority, within thirty (30) days, to institute an investigation of such filings. At the discretion of the Commission such filings may be suspended pending further order of the Commission and any such filings may be subject to the same monitoring process as the Commission applies to other, similarly situated carriers.

11. Applicant requests that its interexchange business services, consumer card services, operator services<sup>2</sup>, and private line service offerings be regulated pursuant to the procedures described and set forth in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C, as modified by Order No. 2001-997 in Docket No. 2000-407-C. Specifically, Applicant requests that the Commission regulate these services in the same manner as the Commission regulates those of AT&T Communications of the Southern States, Inc. ("AT&T-Southern States"). Further, Applicant requests that the Commission: a) remove the maximum rate tariff requirements for these services; b) presume that Applicant's tariff filings for these services be valid upon filing unless the Commission institutes an investigation of a particular filing within seven (7) days, in which case the tariff filing will be suspended until further order of the Commission; and c) grant Applicant the same treatment as AT&T-Southern States in connection with any future relaxation of the Commission's reporting requirements.

12. In addition to the above requested waivers and requests, Applicant reserves the right to seek any regulatory waivers that may be required for it to compete effectively in the South Carolina telecommunications market.

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<sup>2</sup> Excepting those operator-assisted calls where a consumer uses a local exchange carrier's calling card to complete calls from locations which have not selected the local exchange carrier as their toll provider. Operator surcharges and per-minute rates for this type of call were capped by Order No. 2001-997 dated November 8, 2001.

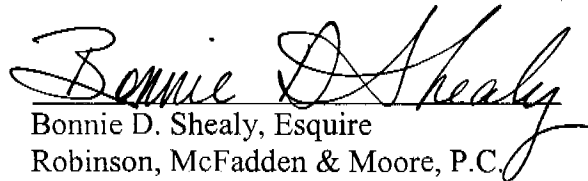
#### IV. CONCLUSION

For the reasons stated above, Applicant respectfully submits that the public interest, convenience, and necessity would be furthered by a grant of this Application for the authority to provide all types of facilities-based and resold local exchange, access and interexchange telecommunications services. Also, Applicant respectfully requests that the Commission grant the waivers requested in this Application, including flexible and alternative regulation in accordance with South Carolina Code Ann. Section 58-9-585 (Supp. 2007) in the same manner as granted by the South Carolina Public Service Commission in Order Nos. 95-1734, 96-55, 98-165, and 2001-997.

Dated this 7<sup>th</sup> day of August, 2008.

Respectfully submitted,

By:



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Robinson, McFadden & Moore, P.C.  
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Washington, DC 20006  
Tel: (202) 373-6000  
Fax: (202) 373-6001

COUNSEL FOR Sage Spectrum, LLC

## **LIST OF EXHIBITS**

Exhibit A	Certificate of Formation
Exhibit B	Authority to Transact Business as a Foreign Entity
Exhibit C	Management Biographies
Exhibit D	Financial Statements - <b>CONFIDENTIAL &amp; PROPRIETARY - FILED UNDER SEAL</b>
Exhibit E	Local Exchange Tariff
Exhibit F	Interexchange Tariff
Exhibit G	Access Tariff

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

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In the Matter of the Application of )  
)  
)

**Sage Spectrum, LLC** )  
)

for a Certificates of Public Convenience and )  
Necessity to Provide Resold and Facilities-Based )  
Local Exchange, Access, and Interexchange )  
Telecommunications Services in the )  
State of South Carolina and for Flexible )  
And Alternative Regulation )  
)

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**APPLICATION OF SAGE SPECTRUM, LLC**

**EXHIBIT A**

Certificate of Formation

**LIMITED LIABILITY COMPANY AGREEMENT  
OF SAGE SPECTRUM, LLC**

**LIMITED LIABILITY COMPANY AGREEMENT** (the "Agreement") of Sage Spectrum, LLC, (the "Company"), dated as of May 7, 2008, is made by Sage Spectrum Holdco, LLC, as the sole member (the "Member").

**WHEREAS**, the Company was formed by the filing of a Certificate of Formation with the State of Delaware on May 7, 2008 under the name Sage Spectrum, LLC, pursuant to the Delaware Limited Liability Company Act as amended from time to time (the "Act"); and

**WHEREAS**, the Member desires to enter into this Agreement in order to set forth various matters relating to the affairs of the Company.

**NOW, THEREFORE**, the Member agrees as follows:

**ARTICLE I**

**General Provisions**

Section 1.1. **Name**. The name of the Company is **Sage Spectrum, LLC**.

Section 1.2. **Place of Business**. The principal place of business of the Company shall be such place as the Member may from time to time determine. The Member may establish and maintain such other offices and additional places of business of the Company, either within or without the State of Delaware, as the Member from time to time deems appropriate.

Section 1.3. **Sole Member**. The name and address of the sole Member of the Company is Sage Spectrum Holdco, LLC, 2 Greenwich Plaza, 1<sup>st</sup> Floor, Greenwich, CT 06830.

Section 1.4. **Purposes and Powers**. The Company is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Company is, engaging in any lawful act or activity for which limited liability companies may be formed under the Act (6 Del. C. § 18-101, et seq.) and engaging in any and all activities necessary or incidental to the foregoing. The Company shall have and may exercise all the powers and privileges to the fullest extent permitted by law as are necessary, appropriate or incidental to the conduct, promotion or attainment of the purpose for the Company. Although the Company may engage in any or all of the above activities, the Company need not engage in any one or more of them.

Section 1.5. **Organizational Expenses**. The Company shall be solely responsible for the expenses of organizing the Company.

Section 1.6. **Term**. The Company will continue until terminated pursuant to the provisions of this Agreement.



## ARTICLE II

### Management of the Company

Section 2.1. Management. The business and affairs of the Company shall be carried on and managed exclusively by the Member or such Officers as from time to time may hereinafter be designated by the Member who shall have full control thereof. Except as otherwise provided herein or by applicable law, the Member shall have the authority on behalf, and in the name, of the Company to take any action or make any decisions on behalf of the Company, to carry out any and all of the purposes of the Company set forth in Section 1.4 and to perform all acts and enter into and perform all contracts and other undertakings which it may deem necessary or advisable or incidental thereto. Without limiting the generality of the above, the Member shall have full power and authority to assume and exercise all rights, powers and responsibilities granted to managers by the Act.

The Member may appoint, employ or otherwise contract with any person or entity for the transaction of business of the Company or the performance of services for or on behalf of the Company, and the Member may delegate to any such person or entity such rights, powers and authority to act on behalf of the Company or to control the business and affairs of the Company, as the Member shall possess. At any time when the Member shall have made such delegation, each of such person or entity and the Member may exercise such delegated rights, powers or authority concurrently without the consent of the other.

Unless otherwise provided in this Agreement, any action taken by the Member or an Officer appointed pursuant to Section 2.2 hereof and the execution by the Member or by such Officer of any agreement, contract, instrument, or other document on behalf of the Company, shall be sufficient to bind the Company and shall conclusively evidence the authority of the Member or the Officer with respect thereto.

Section 2.2. Officers. The Member shall have the power and authority to appoint executive and other Officers to manage the business and affairs of the Company (the "Officers"). Any number of offices may be held by the same person. The Officers of the Company shall hold their respective offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Member. The salaries and other compensation or remuneration of all Officers (and of all employees and agents of the Company) shall be fixed by or in the manner prescribed by the Member. The Officers of the Company shall hold office until their successors are elected and qualified. Any Officer may be removed at any time, with or without cause, by the Member, but the removal of any Officer shall be without prejudice to the contractual rights, if any, of such Officer with the Company. Any vacancy occurring in any office of the Company by death, resignation, removal or otherwise may be filled by the Member. Except as otherwise provided in this Agreement, the Officers of the Company shall perform such duties and have such powers as the Member may from time to time prescribe and, to the extent not so prescribed, as generally pertain to the officers of business corporations organized under the General Corporation Law of the State of Delaware and shall have the authority to sign in the name of and on behalf of the Company. The Member hereby ratifies and confirms the appointment of the Officers set forth on Schedule I, as the Member may amend such schedule from time to time.

### ARTICLE III

#### Contributions

The Member is not required to make any capital contribution, in cash or other property, to the Company but may contribute capital in its sole discretion.

### ARTICLE IV

#### Allocations and Distributions

Section 4.1. Allocation of Income and Loss. All net income and losses of the Company shall be allocated to the Member.

Section 4.2. Distributions. All distributions of the Company shall be made to the Member.

### ARTICLE V

#### Dissolution

The Company shall dissolve, and its affairs shall be wound up, upon the written consent of the Member or the entry of a decree of judicial dissolution under Section 18-802 of the Act.

### ARTICLE VI

#### Transferability of Interests

Section 6.1. Assignments. The Member may assign in whole or in part its limited liability company interest.

Section 6.2. Admission of Additional Members. The Company may admit additional members at any time upon such terms and conditions as the Member shall determine. In the event that any additional members are admitted to the Company, amendments shall be made to this Agreement as necessary and appropriate by reason of the Company having more than one Member.

### ARTICLE VII

#### LIMITATION ON LIABILITY AND INDEMNIFICATION

Section 7.1. Limitation on Liability. Except as otherwise required in the Act, the debts, obligations, and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and the Member shall not be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Member or participating in the management of the Company. The failure of

the Company to observe any formalities or requirements relating to the exercise of its powers or management of its business or affairs under the Act or this Agreement shall not be grounds for imposing personal liability on the Member for liabilities of the Company.

Section 7.2. Indemnities. The Company shall indemnify, defend and hold harmless each Officer of the Company, the Member, the affiliates of each Member and their respective directors, officers, members, partners, employees, or agents (severally, the "Indemnified Person," and collectively, the "Indemnified Persons"), from and against any loss, damage, liability, cost or expense (including fees and expenses of counsel selected by the Indemnified Person) to which the Indemnified Person may become subject arising out of or in connection with the business and operation of the Company to the fullest extent permitted by law if such Indemnified Person acted in good faith and in a manner which he believed to be in or not opposed to the best interests of the Company, and with respect to any criminal action or proceeding had no reasonable cause to believe his conduct was unlawful. Such fees and expenses of counsel shall be paid by the Company as they are incurred upon receipt, in each case, of an undertaking by or on behalf of the Indemnified Person to repay such amounts if it is ultimately determined that such Indemnified Person is not entitled to indemnification with respect thereto.

Section 7.3. Insurance. The Company may purchase and maintain insurance, on behalf of the Member and such other persons or entities as the Member shall determine, against any liability that may be asserted against, or expense that may be incurred by, such persons or entities in connection with the business or activities of the Company, regardless of whether the Company would have the power to indemnify such persons or entities against such liability under the provisions of this Agreement.

## ARTICLE VIII

### Tax Matters

Section 8.1. Tax. It is intended that the Company be treated as a partnership for federal income tax purposes. The Company shall prepare and file any required federal income tax or other returns. The Member shall be the "Tax Matter Partner" under Section 6231(a)(7) of the Code.

Section 8.2. Taxable Year. The taxable year of the Company shall be the calendar year, except as otherwise determined by the Member.

Section 8.3. Tax Elections. All tax elections required or permitted to be made under the Code and any applicable state, local or foreign tax law shall be made in the discretion of the Member, and any decision with respect to the treatment of Company transactions on the Company's state, local or foreign tax returns shall be made in such manner as may be approved by the Member.

## ARTICLE IX

### Miscellaneous

Section 9.1. Amendments to the Agreement. This Agreement may only be amended with the written consent of the Member.

Section 9.2. Binding Effects; Benefits. This Agreement shall be binding upon and inure to the benefit of the Member and its legal representatives, as applicable. No Person other than the Member shall be entitled to any benefits under the Agreement, except as otherwise expressly provided.

Section 9.3. Headings. The article, section and other headings of this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

Section 9.4. Facsimile. Delivery of an executed signature page to this Agreement by facsimile or .pdf shall be effective as delivery of a manually executed signature page to this Agreement.

Section 9.5. Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms or provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction.


Section 9.6. Governing Law. This agreement and the rights of the parties hereunder shall be governed by and interpreted in accordance with the laws of the state of Delaware (without giving effect to the principles of conflict of laws thereof) and, without limitation thereof, the law as now adopted or as may be hereafter amended shall govern the limited liability company aspects of the agreement.

Section 9.7. Entire Agreement. This Agreement constitutes the entire agreement among the parties with respect to the subject matter herein and supersedes any prior agreement or understanding among the parties hereto.

*[Remainder of Page Intentionally Left Blank]*

IN WITNESS WHEREOF, the sole Member has executed this Agreement to be effective as of the date first above written.

SAGE SPECTRUM HOLDCO, LLC



Name:

Title:

Richard Petrilli  
Authorized Signatory



[Signature Page to Sage Spectrum, LLC Agreement]

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**SCHEDULE I****Names and Titles of the Officers**

<b><u>Name of Officer</u></b>	<b><u>Title</u></b>
<b>Edward A. Mulé</b>	<b>Co-CEO</b>
<b>Robert O'Shea</b>	<b>Co-CEO</b>
<b>Michael Gatto</b>	<b>Vice President</b>
<b>Richard Petrilli</b>	<b>Vice President and Treasurer</b>
<b>Frederick Fogel</b>	<b>Secretary and General Counsel</b>
<b>Brian Kushner</b>	<b>Vice President</b>

**In the Matter of the Application of**  
**Sage Spectrum, LLC**

## APPLICATION OF SAGE SPECTRUM, LLC

## Authority to Transact Business as a Foreign Entity

# *The State of South Carolina*



*Office of Secretary of State Mark Hammond*

## **Certificate of Authorization**

**I, Mark Hammond, Secretary of State of South Carolina Hereby certify that:**

SAGE SPECTRUM, LLC, A Limited Liability Company duly organized under the laws of the State of DELAWARE, and issued a certificate of authority to transact business in South Carolina on June 5th, 2008, with a duration that is at will, has as of this date filed all reports due this office, paid all fees, taxes and penalties owed to the Secretary of State, that the Secretary of State has not mailed notice to the company that it is subject to being dissolved by administrative action pursuant to section 33-44-809 of the South Carolina Code, and that the company has not filed a certificate of cancellation as of the date hereof.

Given under my Hand and the Great  
Seal of the State of South Carolina this  
6th day of June, 2008.

*Mark Hammond*

Mark Hammond, Secretary of State



**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

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In the Matter of the Application of )

**Sage Spectrum, LLC** )

for a Certificates of Public Convenience and )  
Necessity to Provide Resold and Facilities-Based )  
Local Exchange, Access, and Interexchange )  
Telecommunications Services in the )  
State of South Carolina and for Flexible )  
And Alternative Regulation )

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**APPLICATION OF SAGE SPECTRUM, LLC**

**EXHIBIT C**

Management Biographies

## MANAGEMENT BIOGRAPHIES

As stated in the Application, Sage Spectrum, LLC ("Applicant") will be operated by Sage Telecom, Inc. ("Manager") pursuant to a management agreement. As a result, Applicant's South Carolina operations will be directed by Manager's existing management team and Manager's technical and operations staffs that are responsible for Manager's local exchange and interexchange operations in other states. The following individuals comprise Manager's management.

**Brian Kushner** serves as Vice President of Sage Spectrum, LLC, the President and CEO of Sage Telecom, Inc., and is the co-founder of CXO, L.L.C., the Dallas-based international interim and turnaround management firm specializing in telecommunications, technology and media. He is also the founder of BGKC, LLC, the predecessor firm to CXO. Prior to Sage, he served as President and CEO of Pacific Crossing Limited, an international carrier with major trans-Pacific subsea fiber optic cables connecting the U.S. and Japan. Over the last nine years, Brian and members of his firm have served as the CEO, CRO, Board members or other C-level interim managers at numerous firms including RCN, Sage Telecom, wine.com, Pacific Crossing, Birch Telecom, VarTec/Excel, Pac-West Telecom, CTC Communications, Intira, OpTel, USOne, Flashnet, and GMAC/TSC. In CXO's advisory practice, they have advised lenders and other stakeholders on significant matters involving Broadwing, Genuity, Allegiance Telecom, New World Networks, XO Communications, Williams Communications, Velocita, Newcomm Wireless, and over fifteen other entities. Prior to CXO and BGKC, Brian founded Recompute, served as an interim executive for MCC and BSG, and spent ten years with BDM International, a defense and systems integration firm. Brian serves on the board of directors of Sage Telecom, Pacific Crossing and Headway Corporate Resources and the advisory board of directors of the College of Natural Sciences of the University of Texas at Austin. Brian has a BS, MS, and PhD in Applied and Engineering Physics, the latter with a minor in Electrical Engineering, all from Cornell University, Ithaca, NY.

**Jeffrey (Jeff) Seiden** serves as the Senior Vice President and Chief Operating Officer of Sage Telecom, Inc., and is a Senior Director at CXO, L.L.C., the Dallas-based international interim and turnaround management firm specializing in telecommunications, technology and media. In addition to his role at Sage, Jeff provides business strategy, merger and acquisition, diligence and global business operation advisory services to CEOs and Boards of Directors of public and private companies through CXO and TechBizDev, Inc. Previously, Jeff held roles as Sr. Vice President of Corporate Development, COO and CIO for Pervasive Software Inc. driving global operations, managing numerous M&A deals up to \$50 million worldwide and integrating acquired businesses. Jeff was the founder, President and CEO of nuLogic Inc., an automation technology company, successfully growing nuLogic for ten years before its acquisition by National Instruments Inc. in 1997. With over twenty-five years of experience in business strategy, management, technology and diligence, Jeff has held executive-level and senior operating positions at: Liaison Tech, Question Technologies, Austin Ventures AVLabs, Cambridge Robotic Systems, Inspex, Inc., and LTX Corporation. Jeff has served as a Director or Technology Board member, published articles on automation and process control, and built offshore development, distribution and support operations in Europe, Japan, and India. Jeff

earned his B.S. in Electrical and Computer Engineering, Cum Laude with a minor in Mathematics from Syracuse University.

**John Debus** serves as the Senior Vice President, CFO and Treasurer of Sage Telecom, Inc. and is a Director at CXO, L.L.C., the Dallas-based international interim and turnaround management firm specializing in telecommunications, technology and media. While at CXO, John has served as acting CFO of wine.com, an online, nation-wide wine and specialty gift retailer and has filled various support roles for several turnaround projects. Prior to joining CXO, John has served as CFO of Goodman Networks, a privately held Engineering, Furnishing & Installation Services Company, specializing in the telecommunications sector, including wireline, wireless, outside plant and staffing. John has also served Vice President of Finance & Controller at Allegiance Telecom. While at Allegiance, he participated in raising over \$1.8 billion in their IPO and Senior Note transactions, and was responsible for Treasury Operations with over \$1.0 billion in investments. Other senior positions held include: Director of Financial & Strategic Planning at Greyhound Lines, Director of Financial Planning at US ONE Communications Corp., Manager of Financial Planning at Trescom International, Inc. John earned a Bachelor of Science Degree in Business Administration from the University of Colorado.

**Shahin Sazej** serves as the Senior Vice President of Systems and has over twenty years of Information Technology experience within the telecommunications industry. Most recently, Shahin served as the Chief Information Officer for Supra Telecom, a Florida-based CLEC serving primarily ethnic communities. Prior to Supra, he served as the CIO for Touchstone Systems, Inc., a voice-over-IP based provider, and for Ionex Telecommunications, an integrated communications provider serving small to medium-sized business customers in Texas, Oklahoma, Kansas and Missouri. Shahin received his BS in Computer Science from Stephen F. Austin State University and his MBA from the University of Dallas.

**Robert (Bob) McCausland** serves as the Vice President and Secretary of Sage Telecom, Inc. He joined Sage as Vice President of Regulatory Affairs in 2003 after more than twenty years in telecommunications. Prior to joining Sage, Bob led Allegiance Telecom's Regulatory and Interconnection Department from start-up stage to a mature organization. Through the mid-1990s, he was responsible for MFS Communications Company's ILEC collocations, unbundled loop implementations and, ultimately, inter-company OSS interface management. His career at MFS began after more than ten years at Bell Atlantic where he negotiated early CAP collocation and interconnection arrangements, managed switched and special access product lines, negotiated the company's first region-wide interconnection agreements with wireless carriers, prepared service cost studies, and oversaw various state and federal regulatory functions. He is a graduate of Marshall University in Huntington, West Virginia.

**Mark Orland** joined Sage in 2003 and serves as Vice President with responsibility for the design, development, and operations of core business systems. Prior to Sage, he served as CIO of Verio, Inc., the largest provider of domain-based websites in the country, and he was a Technical Architect with PageNet responsible for designing the next generation business and provisioning systems. Prior PageNet, Mark led Sprint Corporation's development team for their customer billing system and promotions systems. Prior to Sprint, Mark started his career with Andersen Consulting where he developed his skills as a software developer and DBA working

large development projects in the telecommunications and insurance industries. Mark has a B.S. Degree in Computer Science from the University of Illinois and is a certified Project Management Professional.

**Tighe Merelli** joined the Company in May 2006 as Vice President, Chief Technical Officer. His 25 years in the information technology and telecommunications industries include participation in every major technology evolution from the installation of the first IBM PC's as an entrepreneur in 1981, to the implementation of large corporate networks as engineering manager for Businessland during the late '80s, to creating one of the first truly convergent telecommunications billing systems. He has held positions in technology management including engineering management, Chief Technology Advisor and Chief Information Officer for advanced telecommunications and information technology companies. Tighe is a graduate of Oklahoma State University.

**Ben Miller** serves as Vice President, Corporate Development at Sage Telecom, Inc. and is a Senior Director at CXO, L.L.C., the Dallas-based international interim and turnaround management firm specializing in telecommunications, technology and media. Prior to Sage, Ben has held many operational and transactional roles. He held the position of Director of Business Restructuring and Development at OpTel, Inc., a triple-play telecom provider and was responsible for asset sales to Adelphia Communications, Time Warner and Lucent totaling over \$70 million. Later, Ben served as the Regional General Manager of the Phoenix and San Francisco operations at OpTel's successor company, TVMax. As part of CXO's engagements, Ben has been on the operational and transactional teams at CTC Communications and part of the advisory team on matters involving Genuity and PT Cable, a trans-pacific undersea cable. Most recently, he was a General Manager in Comcast's Colorado operations. Ben received a Bachelor of Arts in English from Columbia University.

**Lisa Woodard** joined Sage in October 2007 and serves as Vice-President – Sales and Marketing, focusing on acquisition and retention of business and residential customers as well as quality assurance and training. She brings over fifteen years of progressive leadership experience, with specialized expertise in the Marketing, Operations and Delivery of Consumer Services (ranging from Telecommunications and Financial Services to Home Repair and Travel.) Most recently, Lisa held the title of Sr. Vice-President with Citigroup, with significant P&L ownership in banking, retail and oil portfolios. Lisa also held the title of President, United States Auto Club, with client management responsibilities including Ford Motor Co. and the U.S. Post Office. Additionally, her experience in Quality Assurance and Training at General Electric (GE) is applied in her current role overseeing these functions at Sage. Lisa earned a B.A. in Psychology from the University of Houston, followed by an M.B.A. in Marketing and Public Management from Rice University.

**Bob Kimbrell** is Executive Director, Human Resources at Sage Telecom and joined the company in 2006. He is responsible for all aspects of human resources, including talent acquisition and retention, compensation and benefits, training and development, change management, employee relations and organization development. Prior to joining Sage, he held senior leadership roles at leading technology companies including NEC America, Affiliated Computer Services and TransFirst. A human resources veteran with over 20 years' experience,

his industry background includes telecommunications, technology-based business services, diversified financial services and aerospace, ranging from Global Fortune 100 to startup companies. He is a graduate of the University of North Texas.

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
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**APPLICATION OF SAGE SPECTRUM, LLC**

**EXHIBIT D**

Financial Statements

**CONFIDENTIAL & PROPRIETARY**

**FILED UNDER SEAL**